

COOK, YANCEY, KING & GALLOWAY

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July 26, 2002

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When calling relative to this
matter, refer to file No. 1042.

Honorable James H. Welsh
Commissioner of Conservation
Office of Conservation
P. O. Box 94275
Baton Rouge, Louisiana 70804-9275

RE: **Gray Sand,
Reservoir E
Cotton Valley Field
Webster Parish, Louisiana**

APPLICATION FOR PUBLIC HEARING

Dear Sir:

Phillips Petroleum Company hereby makes application pursuant to the revised rules of procedure for a public hearing to consider evidence relating to the following matters pertaining to the Gray Sand, Reservoir E, in the Cotton Valley Field, Webster Parish, Louisiana:

1. To establish one drilling and production unit for the exploration for and production of gas and condensate from the Gray Sand, Reservoir E, in the Cotton Valley Field, Webster Parish, Louisiana, to be designated GRAY RE SUA, as shown outlined on the plat attached hereto and made a part hereof;
2. To define the Gray Sand, Reservoir E, in the Cotton Valley Field, as the stratigraphic equivalent of that gas and condensate bearing zone encountered between the

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depths of 12,032 feet and 12,413 feet (electric log measurements) as seen in the Amarillo Oil Company - Cole No. 1 Well located in Section 29, Township 22 North, Range 10 West, Webster Parish, Louisiana;

3. To force pool and integrate all of the separately owned tracts, mineral leases and other property interests within the proposed units in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950 with each tract sharing in unit production on a surface acreage basis of participation;
4. To establish field rules for the Gray Sand, Reservoir E, in the Cotton Valley Field;
5. To consider and cover such other matters as the Commissioner of Conservation may deem appropriate and necessary under the circumstances.

Any pertinent data relating to this matter can be obtained at the cost of the requesting party, from Mr. Patrick Perfetta, Phillips Petroleum Company, Post Office Box 1967, Houston, Texas 77251-1967, telephone number (713) 669-3461.

A pre-application conference was held in this matter on July 24, 2002. Those who attended the conference are identified on the attached list. Robert McGowen presented the unitization proposal of Phillips Petroleum Company which was followed by a general discussion among the parties. Jay Caraway and Joe Lee expressed concern about the size of the proposed unit and reserved their rights to present an alternative proposal. Otherwise, there was no opposition expressed by the parties at the conference.

The attached list includes the names of all Interested Owners, Represented Parties and Interested Parties known to Applicant after a diligent search. A copy of this application, with plat attached, is being sent to each such party. Pursuant to Office of Conservation regulations, such list of parties is being furnished only to the Commissioner of Conservation and to the District Manager of the Shreveport District of the Office of Conservation;

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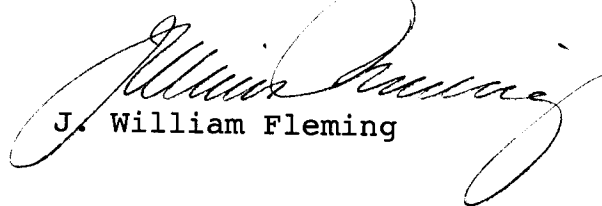
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however, the list of parties will be provided to any person requesting a copy of it. Also enclosed is the application fee for this matter.

Yours very truly,

COOK, YANCEY, KING & GALLOWAY

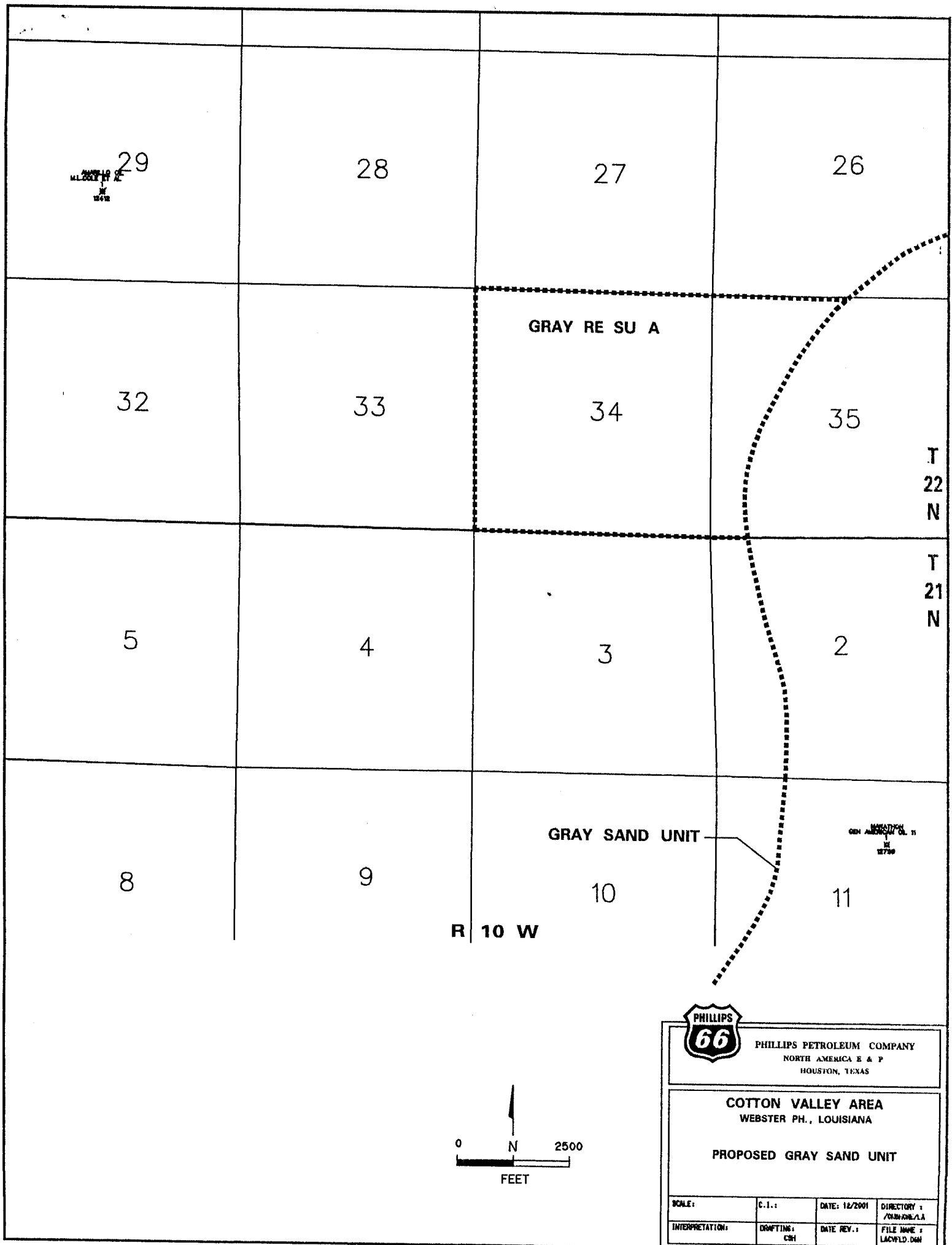


J. William Fleming

jwf:s

Enclosures

cc: Mr. James Broussard, District Manager
Interested Owners, Represented
Parties and Interested Parties
Attendees at Pre-Application Conference



29
WATER
WELL
NO. 1
1968

GRAY RE SU A

GRAY SAND UNIT

WATER
WELL
NO. 1
1979



PHILLIPS PETROLEUM COMPANY
NORTH AMERICA E & P
HOUSTON, TEXAS

COTTON VALLEY AREA
WEBSTER PH., LOUISIANA

PROPOSED GRAY SAND UNIT

SCALE:	C.I.:	DATE: 12/2001	DIRECTORY: /OAH/SL/LA
INTERPRETATION:	DRAFTING: CBH	DATE REV.:	FILE NAME: LACVLD.DWG